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Attorneys for Dicker-Warmington

Properties, LP

IN THE UNITED STATES BANKRUPTCY COURT FOR THE EASTERN DISTRICT OF VIRGINIA RICHMOND DIVISION

)	
In re:)	
)	Chapter 11
CIRCUIT CITY STORES, INC., et al., 1)	Case No. 08-35653
)	Jointly Administered
Debtors.)	Reference Docket No. 431
)	

OBJECTION OF DICKER-WARMINGTON PROPERTIES, A CALIFORNIA LIMITED PARTNERSHIP, TO CURE AMOUNTS STATED IN DEBTORS' MOTION FOR ORDERS UNDER 11 U.S.C. SECTIONS 105, 363, AND 365 (i) APPROVING BIDDING AND AUCTION PROCEDURES FOR SALE OF UNEXPIRED NONRESIDENTIAL REAL PROPERTY LEASES FOR CLOSING STORES, (ii) SETTING SALE HEARING DATE, AND (iii) AUTHORIZING AND APPROVING (a) SALE OF CERTAIN NONRESIDENTIAL REAL PROPERTY LEASES FREE AND CLEAR OF LIENS, CLAIMS, AND ENCUMBRANCES, (b) ASSUMPTION AND ASSIGNMENT OF CERTAIN UNEXPIRED NONRESIDENTIAL PROPERTY LEASES, AND (c) LEASE REJECTION PROCEDURES

¹The Debtors and the last four digits of their respective taxpayer identification numbers are as follows: Circuit City Stores, Inc. (3875), Circuit City Stores West Coast, Inc. (0785), InterTAN, Inc. (0875), Ventoux International, Inc. (1838), Circuit City Purchasing Company, LLC (5170), CC Aviation, LLC (0841), CC Distribution Company of Virginia, Inc. (2821), Circuit City Properties, LLC (3353), Kinzer Technology, LLC (2157), Abbott Advertising Agency, Inc. (4659), Patapsco Designs, Inc. (6796), Sky Venture Corp. (0311), Prahs, Inc. (n/a), XSStuff, LLC (9263), Mayland MN, LLC (6116), Courcheval, LLC (n/a), Orbyx Electronics, LLC (3360), and Circuit City Stores PR, LLC (5512). The address for Circuit City Stores West Coast, Inc. is 9250 Sheridan Boulevard, Westminster, Colorado 80031. For all other Debtors, the address is 9950 Mayland Drive, Richmond, Virginia 23233.

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DICKER-WARMINGTON PROPERTIES, a California Limited Partnership ("Dicker-Warmington"), is a creditor of Debtor, Circuit City Stores, Inc. ("Debtor"), and the lessor of certain leased premises located at 1747 East-West Road, Calumet City, IL, which is known by the Debtor as Store #3122. Rent under the Lease is to be paid in arrears on the last business day of each month. Dicker-Warmington, by and through its undersigned counsel hereby objects to the "Cure Amount" as stated in Exhibit B to the Debtors' Motion for Orders Under 11 U.S.C. Sections 105, 363 and 365 (i) Approving Bidding and Auction Procedures for the Sale of Unexpired Nonresidential Real Property Leases for Closing Stores, (ii) Setting Sale Hearing Date, and (iii) Authorizing and Approving (a) Sale of Certain Nonresidential Real Property Leases Free and Clear of Liens, Claims, and Encumbrances, (b) Assumption and Assignment of Certain Unexpired Nonresidential Property Leases, and (c) Lease Rejection Procedures ("Motion") and states as follows:

- 1) The Motion states that a Cure Amount of \$10,534.00 is due to Dicker-Warmington for pre-petition defaults. The Debtors owe Dicker-Warmington \$35,600 in pre-petition rent for the rental period of October 1-31, 2008. In addition, there may be CAM and other expenses which remain unpaid and which would normally remain unknown to Dicker-Warmington until the entity responsible took action to collect from Dicker-Warmington. Dicker-Warmington objects to the amount listed in Exhibit B to the Motion as it is not the proper cure amount.
- 2) To date, the Debtors are current on their post-petition rent obligation to Dicker-Warmington. If the Lease is not assumed and assigned prior to additional months' rent coming due, the amount due Dicker-Warmington may increase. Post-petition, Dicker-Warmington does

not know if the Debtors are current on their other obligations with regard to the Leased premises.

Dicker-Warmington reserves the right to add any unpaid rent and other charges to the Cure

Amount.

- The Debtors are obligated to pay for certain utility charges. Dicker-Warmington reserves the right to add such charges, if any, to the Cure Amount, if unpaid by the Debtors and assessed by the utility companies against Dicker-Warmington, including any taxes associated with utilities.
- 4) The Cure Amount does not include payment of additional damages. Dicker-Warmington may incur from assumption and assignment, including all "actual pecuniary loss" as described in 11 U.S.C. § 365(b)(1)(B). This will include Dicker-Warmington's attorneys' fees incurred in or related to the bankruptcy filing and the lease defaults, in an amount that cannot be determined at this time. Any such "pecuniary loss" must be included in the Cure Amount, and Dicker-Warmington reserves the claim for same. At the present time attorneys' fees are \$2,101.00, which amount is claimed as part of the cure.
- 5) Dicker-Warmington reserves claims for any additional amounts that may come due under the Lease before assumption of the Lease, and reserves its direct claim against the Debtor for same.
- 6) By asserting a Cure Amount, and objecting to the Debtors' stated amount for same, Dicker-Warmington does not consent to the assumption of the Lease, or the assignment of same, nor does it waive its rights and remedies concerning assumption and assignment.
- 7) The Debtors, in a footnote, attempt to reserve the right to alter the Cure Amount by applying what is known as the "Billing Date" process rather than what is known as the

"Accrual Date" process. *See* Motion, para. 13, fn. 4. The Debtors argue for the application of same in their Omnibus Objection to the Motions ... to Compel Allowance and Payment of Post-petition Rental Obligations ..." *See* para. 17-18 and related provisions. Dicker-Warmington reserves a corresponding right, if it so chooses, to apply the Billing Date process and objects to the establishment of a Cure Amount altering this right.

WHEREFORE, Dicker-Warmington objects to the Cure Amount stated in the Motion, states that the present cure amount is at least \$37,701, and reserves its claim and right to immediate payment of all amounts due under the Lease, and moves for such other and further relief as this court deems equitable and just as to this issue.

Dated: December 17, 2008 Richmond, Virginia Respectfully submitted,

MERCER TRIGIANI, LLP

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CERTIFICATE OF SERVICE

I, PHILIP C. BAXA, ESQUIRE hereby certify, that on December 17, 2008, I electronically filed the foregoing *Objection of Dicker-Warmington Properties, a California Limited Partnership, to Debtors' Motion for Orders Under 11 <u>U.S.C.</u> Sections 105, 363 and 365 (i) Approving Bidding and Auction Procedures for the Sale of Unexpired Nonresidential Real Property Leases for Closing Stores, (ii) Setting Sale Hearing Date, and (iii) Authorizing and Approving (a) Sale of Certain Nonresidential Real Property Leases Free and Clear of Liens, Claims, and Encumbrances, (b) Assumption and Assignment of Certain Unexpired Nonresidential Property Leases, and (c) Lease Rejection Procedures with the Clerk of the Court using CM/ECF. I also certify that the foregoing document is being served this day by transmission of Notice of Electronic Filing generated By CM/ECF to those parties registered to receive electronic notices of filing in this case. I also certify that the foregoing document is being sent by regular, first class U.S. mail, postage prepaid to the following:*

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> /s/ Philip C. Baxa PHILIP C. BAXA, ESQUIRE

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